

Message Text

UNCLASSIFIED

PAGE 01 CAIRO 11225 061539Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 /018 W
-----071462 061944Z /64

R 061450Z JUL 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 6952
INFO AMCONSUL ALEXANDRIA
USDOC WASHDC

UNCLAS CAIRO 11225

E.O. 11652: N/A
TAGS: BEXP, EG
SUBJECT: REYNOLDS ALUMINUM CO. INVESTMENT PROJECT

1. SUMMARY: REYNOLDS ALUMINUM CO. HAS SIGNED JOINT VENTURE AGREEMENT WITH EGYPTIAN PARTNERS TO BUILD ALUMINUM EXTRUSION FACTORY IN EGYPT. REYNOLDS INDICATES THAT ALTHOUGH PROJECT HAS BEEN UNDER CONSIDERATION FOR SOME TIME, RECENT CHANGES IN INVESTMENT LAW WERE IMPORTANT FACTOR IN REACHING FINAL AGREEMENT. PLANT EXPECTED TO BE IN PRODUCTION WITHIN 18 MONTHS. END SUMMARY.

2. REYNOLDS ALUMINUM COMPANY HAS JUST SIGNED JOINT VENTURE AGREEMENT FOR ESTABLISHMENT OF ALUMINUM EXTRUSION PLANT TO BE BUILT IN CAIRO INDUSTRIAL SUBURB IN HELWAN. REYNOLDS CHAIRMAN J. LOUIS REYNOLDS CAME TO CAIRO FOR SIGNATURE CEREMONY, WHICH TOOK PLACE JULY 3. AT INVITATION OSMAN AND REYNOLDS, AMBASSADOR ATTENDED SIGNING.

3. REYNOLDS WILL HOLD 12-1/2 PERCENT SHARE OF EQUITY CAPITAL OF APPROXIMATELY \$4 MILLION. COMPANY'S JOINT VENTURE PARTNERS INCLUDE THE ARAB CONTRACTORS COMPANY (OSMAN AHMED OSMAN) AND SOME OF ITS AFFILIATES; THE MISR-IRAN DEVELOPMENT BANK; MISR INSURANCE CO.; MISR REINSURANCE COMPANY; AND MISR ALUMINUM CO. (PUBLIC SECTOR FIRM WHOSE ALUMINUM INGOTS WILL PROVIDE BASIC UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CAIRO 11225 061539Z

MATERIAL FOR JOINT-VENTURE EXTRUSION PLANT). DEBT/EQUITY RATIO IS APPROXIMATELY 55/45, WITH MOST OF DEBT CAPITAL PROVIDED BY MISR/IRAN DEVELOPMENT BANK WHICH IS ALSO EQUITY SHAREHOLDER. REYNOLDS, IN ADDITION TO ITS EQUITY SHARE, WILL OBTAIN SUBSTANTIAL REVENUES IN FEES FROM JOINT-VENTURE UNDER TERMS OF A TECHNICAL ASSISTANCE AGREEMENT.

4. ALTHOUGH REYNOLDS HAS BEEN INVOLVED IN DISCUSSIONS ABOUT PARTICIPATION IN JOINT VENTURES FOR SOME TIME, COMPANY CHAIRMAN LOUIS REYNOLDS INDICATED THAT RECENT CHANGES IN INVESTMENT LAW HAD BEEN IMPORTANT FACTOR IN COMPANY'S DECISION TO GO AHEAD WITH FINAL AGREEMENT. HE HAD HAD RESERVATIONS IN PRINCIPLE ABOUT IDEA OF TAKING AUTOMATIC LOSS BY HAVING INITIAL CAPITAL CONVERTED AT OFFICIAL RATE AS ORIGINAL VERSION OF LAW 43 HAD REQUIRED. MOREOVER, REYNOLDS INDICATED, CHANGES IN LAW WERE ALSO SIGNIFICANT IN TERMS OF EVIDENCE OF FURTHER COMMITMENT BY GOE TO OPEN DOOR POLICY.

5. PARTNERS ALL EXPRESSED CONSIDERABLE ENTHUSIASM ABOUT NEW VENTURE AND WERE OPTIMISTIC ABOUT ITS FUTURE. EGYPTIAN SHAREHOLDERS REPRESENT IMPORTANT INTERESTS IN COUNTRY, AND MAY BE ABLE RESOLVE MANY OF ADMINISTRATIVE PROBLEMS LIKELY BE ENCOUNTERED IN GETTING ENTERPRISE ESTABLISHED. ITEMS TO BE FABRICATED, WHICH INCLUDE IRRIGATION PIPING AND FRAMING ELEMENTS FOR WINDOWS AND DOORS, ALREADY HAVE SUBSTANTIAL EXPORT MARKET AND PROJECT SPONSORS ARE CONVINCED THAT LOWERING OF PRICE AS RESULT OF LOCAL MANUFACTURE WILL CREATE GROWING DEMAND FOR THESE PRODUCTS IN EGYPT.

6. ALUMINUM EXTRUSION PLANTS APPEAR BE ONE OF MOST ATTRACTIVE INVESTMENTS FOR FOREIGN CAPITAL IN EGYPT. A KEY FACTOR, OF COURSE, IS LOCAL AVAILABILITY OF ALUMINUM INGOTS FROM NAGA HAMADI ALUMINUM SMELTER, WHICH CAN BE PAID FOR IN POUNDS. ARAB ALUMINUM COMPANY, UNCLASSIFIED

UNCLASSIFIED

PAGE 03 CAIRO 11225 061539Z

WITH AMERICAN TECHNOLOGY AND MANAGEMENT PROVIDED BY TABER METALS COMPANY OF LITTLE ROCK, ARKANSAS, WAS ONE OF FIRST TO RECOGNIZE POSSIBILITIES OF THIS TYPE OF FACTORY, AND ITS EXTRUSION PLANT NEAR ISMAILIA WILL GO INTO PRODUCTION THIS SUMMER. REYNOLDS EXPECTS BE IN PRODUCTION WITHIN 18 MONTHS. EILTS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 06-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO11225
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770240-0056
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770789/aaaaczjhj.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4cc2b370-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1956284
Secure: OPEN
Status: NATIVE
Subject: REYNOLDS ALUMINUM CO. INVESTMENT PROJECT
TAGS: BEXP, EG
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4cc2b370-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009